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CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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SECURITY INFORMATION

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THE SOURCE EVALUATIONS IN THIS REPORT ARE DEFINITIVE.
THE APPRAISAL OF CONTENT IS TENTATIVE.
(FOR KEY SEE REVERSE)

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1. [redacted] in Yugoslavia [redacted]
[redacted] a so-called Communist regime in operation.

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Border Formalities

2. [redacted] the courtesy and ease of
the frontier formalities [redacted] were much improved over the pre-war days.

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Road Conditions

3. Roads were [redacted] far below Western European standards
but somewhat better than before the war. Local motor traffic is
extremely light since there are no private cars and very few trucks and
busses. Foreign cars and busses were numerous around Bled, Zagreb, and along
the Dalmatian coast.

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War Damage

4. Signs of war damage are still very evident. South of Karlovac and around
Otocac, whole villages are still in ruins or completely razed. Village
churches and roadside chapels are all destroyed and desecrated. THE
Zagreb Cathedral is in good repair.

25 YEAR
RE-REVIEW

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STATE	X	ARMY	X	NAVY	X	AIR	X	FBI		AEC						
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[REDACTED]

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- 2 -

Religious Persecution

5. The Cardinal's palace adjacent to the Zagreb Cathedral [REDACTED] partly requisitioned for other purposes. The front gate is closed with barbed wire. [REDACTED] adults are free to attend church as often as they wish but [REDACTED] catechism classes and other religious education of youth [REDACTED] frowned upon.

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Inefficiency among Employees

6. [REDACTED] people such as hotel employees, gas pump attendants, and Putnik travel officials were uniformly courteous and often friendly. [REDACTED] however, with the poor organization and the almost complete unreliability of the people. [REDACTED]

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7.

[REDACTED]

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- 3 -

8. [] whereas during the 1920s and 1930s the people of Croatia and Slovenia complained constantly about the "stupid, uneducated Serbs" who were asserting their new power, there is no longer any mention of this. Today the people complain of the "Government". [] 95 per cent of the people are opposed to the regime. [] however, [] there is no organized resistance and [] less than one per cent of the people would be ready to fight to change the regime.

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9. []

10. []

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1948 Break

11. [] gives Tito and his clique no credit whatsoever for any moral or idealistic principles. [] the break with Russia in 1948 simply on the basis that "a small group of clever, ruthless men would do anything to sustain and consolidate their grip on the country." [] a slight improvement in some details since the 1948 break, such as:

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- a. Western literature - books, periodicals, newspapers - which are fairly easy to obtain;
- b. Better jobs are being given to pre-war owners, engineers, etc. although they still have no authority; and
- c. A greater variety of food and merchandise is available in the shops.

Hardships

12. [] the unimportance of the material comforts of life, [] after concentration camps and the immediate post-war years under the Communist regime, [] had established an entirely new set of values. Material things do not count. It is the lack of moral principles, the enticement to corruption, to lying, to spying on friends which are difficult to bear.
13. [] there was an important improvement in this respect in that former workers and former bourgeois now feel that they are all common victims of the "bosses", and there is a new respect and friendliness among them.

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- 4 -

Economic Conditions

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Party members have no special privileges, but in practice they get certain favors such as the use of a car, holiday accommodations, etc.

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17.

18. However, retail prices have not been reduced. Cotton good prices were noted in shop windows as follows:

- a. Cotton print goods, per meter.360 to 570 dinars;
- b. Cotton sheets, 135 x 90 centimeters.3,140 to 3,800 dinars;
- c. Cotton comforter4,010 dinars; and
- d. Man's shirt.2,200 dinars.

Since raw material costs are favorable, and wage and salary rates extremely low (5,000 to 12,000 dinars per month) the high retail prices can only be explained by low manufacturing productivity and high distribution costs, including various forms of taxation.

19. certain economic studies have found that production per man hour in some textile and metal working factories was only one-tenth of the main reason for high prices is the inefficiency and corruption of the Government. "Nobody knows where the money goes."

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20.

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21. the basic concept of the regime regarding political and economic organizations of the country has not changed since 1948 in spite of the lies told the situation is as follows:

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- 5 -

a. Approximately 100,000 top Party members hold all the posts of authority in the Government, industry, and commerce. In recent years, the pre-war "elite" - owners, managers, technicians, and engineers - who had been reduced to the lowest level, have been given opportunities to take on jobs of considerable responsibility and high pay. Since the authority which should accompany the responsibility is retained by Party members, these jobs are not very attractive. For example, in a shoe factory:

- 1) If the shoes sell well, the Party bosses get the kudos;
- 2) If the shoes do not sell and there is a non-Communist sub-manager, he is blamed; and
- 3) If there is no non-Communist sub-manager and the shoes do not sell, it is the public who is being difficult as the shoes are excellent.

b. There is a joke among men with managerial or technical capabilities, which says that "it is not important what you do, where you do it, or how you do it. The important thing is to be on a payroll and preferably on two." One sees many indications that this philosophy is widely practiced. On the other hand there is an urgent economic need for men with this background and undoubtedly many are accepting more responsible and higher paid jobs.

22. One point

is the practice of placing certain businesses under the direction of Government departments which have no apparent logical reason for operating a business.

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a. One example is the Krim Hotel in Bled, allegedly operated by the Ministry of the Interior;

b. Another example is Adriaimpex, the present dealer, which is under the Secret Police.

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the profits from such enterprises go to the sponsoring department or ministry without being accounted for in the State budget of receipts and expenditures.

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